

HOUSING

The California Legislature, through the enactment of the Housing Policy Act of 1970, adopted the goal of a "decent home and suitable living environment" for all Californians. One of the key provisions of California Housing Element Law is that each jurisdiction has the responsibility to provide housing affordable to all income groups. The intention of this amendment to the General Plan is to identify and analyze existing and projected housing needs to accomplish these goals, utilizing the most current data available.

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HOUSING

Each city or county in California must have a housing element in its general plan, according to State law (Government Code Section 65000 et seq). This mandated element is to consist of:

- a. an assessment of housing needs and an inventory of resources and constraints to meet these needs;
- b. a statement of the community's goals, quantified objectives, and policies relative to the maintenance, preservation, improvement and development of housing; and
- c. programs which sets forth a five year schedule of actions that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing element; including monies in a low and moderate income housing fund of a Redevelopment Agency; and
- d. an analysis and program for preserving assisted housing developments.

The State law also requires that housing elements be prepared for five-year time periods, and be revised every five years. In addition, housing element revisions must be reviewed by the California Housing and Community Development Department (HCD). In accordance with the law, areas of concern which must be evaluated in a housing element include:

1. Analysis of population and employment trends and projections of existing and projected housing needs for all income levels, including the locality's share of the regional housing need.
2. Analysis and documentation of household characteristics, including level of payment compared to ability to pay, housing characteristics, including overcrowding and housing stock condition.
3. An inventory of land suitable for residential development, including vacant sites and sites having potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites.
4. Analysis of actual and potential governmental constraints upon the maintenance, improvement or development of housing for all income levels, including land use controls, building codes and their enforcement, site improvements, fees and other excavations required of developers, and local permit processing.

5. Analysis of actual and potential non-governmental constraints, including the availability of financing, the price of land, and the cost of construction.
6. Analysis of any special housing needs, such as those of the handicapped, elderly, large families and female head of households.
7. Analysis of energy conservation opportunities with respect to residential development.
8. Analysis of existing assisted housing developments eligible to change to non low-income housing uses during the next ten years.

Based on this analysis, the housing element must present goals, policies, quantified objectives, and scheduled programs that establish the maximum number of housing units that can be constructed, rehabilitated and conserved over the time frame of the element. The housing program also must:

1. Identify adequate sites for housing development to facilitate and encourage development of housing for all income levels;
2. Assist in the development of adequate housing to meet the needs of low and moderate income households;
3. Address and where appropriate and legally possible, remove governmental constraints to the maintenance, improvement and development of housing;
4. Conserve and improve the condition of existing affordable housing; and
5. Promote housing opportunities for all persons regardless of race, religion, sex, marital status, national origin or color.

The first portion of this section presents a housing needs assessment for Scotts Valley based on the above criteria. The second portion evaluates the existing housing element of the General Plan. The last portion presents the goals and objectives, policies and action programs to implement the goals, objectives and policies.

In 1990 the City Council appointed a Housing Task Force to review and prepare the revised housing element. The Task Force represented such interests as the business community, mobile home residents, single parent households, seniors, Planning Commission and City Council. The Task Force met weekly for several months to prepare the housing element and completed its work in March 1991. The Planning Commission and City Council reviewed the goals and policies in April and will conduct public hearings after the text is circulated for the 45 day public review period.

In addition, the goals, objectives, policies and programs were distributed to the County Housing Network for review in April, 1991. The Network represented public and private organizations dedicated to low income housing programs.

The housing element has been prepared in consideration of the land use element of the General Plan. The land use element establishes the location, type, intensity and distribution of land uses throughout the City. The land use element designates the densities of residential units as well as commercial/industrial areas which create a demand for housing.

The circulation element describes the existing and proposed major thoroughfares, transportation routes and other local public utilities and facilities. The transportation and circulation system is coordinated with land uses, attempting to create a convenient environment for residents of Scotts Valley.

The open space, conservation and safety elements address natural constraints and features that require special controls and management. Housing is intended to be located in such a way to maintain a natural living environment and open space. Clustered housing developments and increased densities in the flatter portions will retain the open space areas, conserve the wooded hillside and avoid the more inaccessible slopes.

The noise element estimates that between 350 and 1,300 residents could be located within an area of 60-70 ldn noise contours, considered to be unacceptable. The policies and programs of the noise element propose ways to reduce the effect of noise on the residents of Scotts Valley.

HOUSING NEEDS ASSESSMENT

Population Composition and Projections Update Based on Census

The population of Scotts Valley has grown at an average annual compounded rate of approximately 3.1% over the past 30 years, with an increase from 3,437 in 1960 to 8,615 in 1990. Table 1 and Figure 1 depict the population growth since 1960. After the City's incorporation in 1966, areas previously subdivided by the County began to develop within the City. Between 1966 and 1976 three senior citizen mobile home parks were developed in the City, adding almost 1,000 new mobile home sites to the City. This contributed a large percentage of the overall population increase between 1970 and 1976. As the City's commercial uses and employment base expanded during the late 1970's and 1980's, the City's population also increased. During the 1980's, the annual growth rate for Scotts Valley was 2.26%.

Table 2 compares population forecasts based upon the U.S. Census data over the 1980-90 decade, the 1960-1990 30 year average growth, and the growth rate that the Association of Monterey Bay Area Governments (AMBAG) states is Scotts Valley's fair share of regional housing needs.

Employment Projections

Employment in Scotts Valley was dominated by the electronics industry during the early 1980's. In 1981, out of approximately 2,823 jobs there were an estimated 1,000 existing or planned electronics-related jobs. A high percentage of these jobs (80%) were estimated to be assembly-related and therefore paid below the City median household income. In 1990, the employment base had grown to 4,785 persons. The majority of the employees were still in the electronic-related field (approximately 60%).

The 1980 Census indicated that of the labor force in Scotts Valley, 30% commuted to Santa Clara County, 26% to parts of Santa Cruz County, 24% were employed within Scotts Valley, and 20% were retired or students.

While new jobs within Scotts Valley helps reduce the commuter population, it could also draw new residents to the area, creating a demand for housing. The 1980 U.S. Census calculated the City jobs/household ratio as 1.26. The 1990 estimate is 1.44 jobs/household ratio. The difference between the 1980 and 1990 ratios gives the impression that the City's housing supply is inadequate. However, a number of variables affect the ratio and limit the validity of conclusions that can be drawn from it. First, calculations of the ratio do not consider the fact that a household may contain more than one employee. In 1980, Scotts Valley contained about 2,568 households. Approximately 40% of the households contained more than one wage earner. Second, the ratio does not recognize that persons living within the City may be employed outside the City, or visa-versa. Although there are no State guidelines regarding an appropriate jobs/housing ratio, the objective of the City in analyzing the jobs/household ratio is to balance the requirements to provide a fair share of housing for the Monterey Bay Area region, provide affordable housing, and not exceed the capacity of the City's infrastructure.

Based upon a 7.7% average annual employment growth between 1981 and 1990, Scotts Valley will have a projected job base of 6,627 in 1996. Using the round figure of 1.5 jobs per housing unit, Scotts Valley should provide a housing stock of 4,664 dwelling units to accommodate the work force in 1996.

Households

In 1990 there were 3,556 housing units and 3,342 households in Scotts Valley. Table 3 depicts the average household size in the city for the period from 1976 to 1990. As can be seen, household size has remained fairly constant between 1976 and 1990, averaging 2.53 persons per household. Table 4 shows key statistics on households from the 1980 and 1990 census for the City of Scotts Valley. In 1980, 680 or 26.47 percent of all households contained persons over the age of 65. Of these, 270 were single person households. There were 156 single parent households with children present, making up 6 percent of the

total. The 1990 Census figures showed similar statistics. There were 944 households composed of a senior living alone (28.25%) and 199 (6%) single parent households. Each of these groups have special housing needs which must be addressed in the housing element.

Median Income

Household income is a determining factor of housing affordability. As the price of a house increases, larger segments of the population no longer can compete for housing. In Scotts Valley, median incomes increased by approximately 130% between the years 1970 and 1980, while median incomes for Santa Cruz County as a whole increased by 89% during the same time period. Table 5 compares the median incomes of Scotts Valley and Santa Cruz County. As shown, household income in the City of Scotts Valley is consistently higher than household incomes in Santa Cruz County.

Estimates of per capita income for Scotts Valley done by the Bureau of the Census provide a basis for updating the income figures. The data shows that per capita income in the City increased by 7.38% annually between 1979 and 1987, while in Santa Cruz County it increased by 6.09% annually. Assuming that household income increased at the same rate as per capita income, then the estimated median household income in Scotts Valley would be about \$42,300 (AMBAG, 1991).

The income distribution of Scotts Valley shifted significantly from 1970 to 1980. In 1970, 16.8% of the households had incomes of \$15,000 or more, while in 1980, 66.3% fell into this category. This can be attributed to the general nationwide increase in income during this period, as well as to the changes in the kinds of jobs held by Scotts Valley residents. Table 6 and Figure 2 shows the 1980 Household Income Distribution in Scotts Valley.

The State Housing and Community Development Department (HCD) defines "lower income" households as those having 80% or less of the median income of the County. Households having less than 50% of the median income are considered "very low" income by the State. In comparison, HCD defines moderate income households as those having 80-120% of the median income, and above moderate incomes as anything above this.

According to State definitions and based upon the 1980 census breakdown and 1990 estimated median income, the distribution of Scotts Valley's population among the State's four identified income levels for 1990 is estimated below:

Very Low Income Households (50% of County Median - \$0 to \$14,000)	17%*
Low Income Households (51%-80% of County Median Income \$14,001 to \$22,400)	15%

Moderate Income Households

(81%-120% of County Median Income
\$22,401 to \$33,600)

21%

Above Moderate Income Households

(121% + of County Median Income - \$33,601 +)

47%

*AMBAG's Regional Housing Needs Plan, 1990.

Overpayment for Housing

A primary concern of housing elements is to identify the ability of lower income households to afford a decent home. Usually 25% of gross income is the maximum acceptable affordable payment for housing. In 1986, an estimated 32.5% of all very low and low income households were paying more than 25% of their income for housing. This estimate was based on a 20% sample taken during the 1980 Census. As can be seen in Table 7, Scotts Valley had a lower percentage of very low and low income households overpaying for housing than elsewhere in Santa Cruz County. In 1990, AMBAG estimated 1,079 low and very low income housing units existing in Scotts Valley. If the same level of overpayment exists in 1990, the total number of low and very low income households overpaying for housing will be 351 units.

In the past, Scotts Valley has worked with the Santa Cruz County Housing Authority to operate a Section 8 Program, which assists low/moderate-income tenants with rent payments. The tenants pay 30% of their income toward the rent and the Housing Authority "makes up" the difference to the private landlord up to a pre-established maximum rent. The program is administered through the Housing Authority by agreement with the City. In 1990, approximately 28 households in Scotts Valley were receiving Section 8 assistance. In addition, 20 rental units for low income seniors were subsidized by the Housing Authority.

Household Tenure

Tenure refers to the status of the household as being either homeowner or renter. Owners can be considered even though mortgage payments are being made, and renters are counted even though no cash rent may be paid. In 1980, in Scotts Valley owner-occupied dwelling units outnumbered renter-occupied units by nearly three to one. Owner-occupied homes comprised 74.4% of the City's total housing stock, while renters occupied 25.6% of the total dwelling units. In comparison, the homeowner-to-renter ratio in Santa Cruz County as a whole was 59.5% to 40.5%. The percentages changed very little in the 1990 census. Owner occupied households decreased slightly to 73.6% (2,461 households); renter occupied households increased slightly to 26.4% (881 households).

Household Size and Overcrowding

The average household size in Scotts Valley decreased from 2.53 persons per household in 1980 to 2.48 persons per household in 1990. Households are established residences, while housing units may be occupied only during portions of the year. The median unit size in Scotts Valley in 1990 was five rooms per unit. The 1990 Census indicated that there were 99 overcrowded units (1.01 or more persons per room). Overall, the number of overcrowded households in Scotts Valley represented approximately 3% of the City's total households, unchanged from 1980-1990. It appears that overcrowding is not a serious issue for Scotts Valley at this time.

Special Housing Needs

Potential groups within the City which may have special housing needs include elderly residents, large households, female-headed and single parent households and physically disabled households. In 1990, 14.7% of Scotts Valley population was over 65 years of age, representing a moderately large segment of the City's population. In the past, the majority of these residents lived in mobile home parks within the City. Of the other population groups with potential special housing needs, large households (six or more persons) represented only 2.6% (87 households in 1990) of the City's total households and was not considered large enough to require special provisions in the City housing policy. Single parent households included 190 within Scotts Valley, representing 6% of the City's total households; 4.2% were female-headed households. In 1980, there were 338 disabled persons residing within the City, which represented approximately 4.9% of the total population. For disabled persons, the 1980 Census only identified people who had a "work-related disability," or a "disability which prevented them from working." From these descriptions, the type or extent of the disability cannot be assessed.

Another special housing need is affordability. In 1980, 32.5% of the households in Scotts Valley were considered low income. Of the City's total households, over 20% were "very low" income.

If the same percentages hold true in 1990, seniors, single parent and low income households will require special housing considerations. The projected figures are shown in Table 7-1. Seniors and single parent households are often on fixed or lower incomes and require affordable dwelling units. Services should be readily accessible and transportation services available. In Scotts Valley, most of the seniors live in three large mobile home parks for seniors and in Oak Tree Villa Retirement Home. All but one of these developments are located on the Scotts Valley Drive or Mount Hermon Road bus routes; all are within walking distance of shopping centers. Single parent households on limited incomes require affordable housing and child care for older as well as younger children (California Statewide Housing Plan). These households would benefit from being close to

recreational facilities and schools. In Scotts Valley, all new high density projects are required to include recreational facilities; the Parks Master Plan adopted in 1990 identified schools and parks connected by bike and pedestrian trails throughout the city. The city recreation department supports extensive recreation and sports programs for all age groups throughout the year, available at the schools and parks, as well as a year-round day-care program at the park.

Appropriate Share of Regional Housing Needs

In compliance with Government Code Section 65584, "each council of governments shall determine the existing and projected housing need for its region." The Association of Monterey Bay Area Governments (AMBAG) has determined an allocation of regional housing needs based upon income for all localities in the Santa Cruz-Monterey region, including the City of Scotts Valley. The purpose of the allocation is to equitably distribute the responsibility for accommodating lower income households throughout the region and to avoid further concentration of lower income households in localities which contain more than the average proportion as computed from income data in the U.S. Census.

In 1990, AMBAG completed the Regional Housing Needs Plan. In the report AMBAG projected that by 1996, Scotts Valley's fair share of the regional households would be 4,883 or an additional 1,507 units. This averages an annual increase of approximately 301 units per year. AMBAG projects the units to be distributed as follows:

	<u>5-Yr Const.</u>	<u>Total By</u> <u>1996</u>	<u>Percent</u> <u>Of Total</u>
Very low income	426 units	997 units	20.4%
Low income	236 units	744 units	15.2%
Moderate income	281 units	994 units	20.4%
Above moderate income	564 units	2,148 units	44.0%

Table 8 compares the projected appropriate share of dwelling units as stated by AMBAG and Scotts Valley. Scotts Valley's projections are lower than AMBAG, based upon the average number of residential building permits issued between 1986 and 1990, the availability of suitable sites and available public services to accommodate new construction.

In 1970, 1,305 dwelling units were located in Scotts Valley. By 1990, the State Department of Finance reported 3,449 units. Table 9 presents information regarding the types of housing units in Scotts Valley. In analyzing the types of units built or approved in Scotts Valley since 1976, single family units dominated the City's housing stock. However, multi family housing, such as townhouse/condominiums have been increasing in number. As more units are built, the percentage of single family units in the stock decreased while townhouse/condominiums are

increasing. Likewise, while mobile homes comprised 32.9% of the City's housing stock in 1976, they now comprise an estimated 21.7% of the housing stock (1990 State Dept of Finance).

Vacancy Rate

Vacancy rates theoretically measure the health of the housing market in a community. The vacancy rate is the percentage of the total housing stock available for sale or rent at any one time. An overall vacancy rate of 5% is considered to be a "healthy" vacancy rate for both owner-occupied and rental units. Vacancy rates fluctuate yearly, depending upon the economic trends that influence the supply of housing. The 1990 US Census data showed a City vacancy rate of 6.02%.

Emergency Shelters, Homelessness, Farmworkers

In March 1990, the Short Term Housing Coalition of Santa Cruz published an assessment of the shelter needs of those that are homeless or in need of emergency shelter in the County. Overall, the Coalition found 1,910 homeless individuals in the County, none of which were in Scotts Valley. In January, 1992, Scotts Valley interviewed the shelter providers to update the information. Between June 30, 1990, and December, 1991, New Life Shelter Center in Santa Cruz housed 13 people from the Scotts Valley area (5 families including 3 children) who stayed two days before making other arrangements. The River Street Shelter had one adult for one day. In addition, one voucher was issued in April, 1991, and one in July, 1991, for households to stay in motels rather than the emergency shelter. Finally, the Light of Life Lutheran Church on Kings Village Road provides emergency shelter once a week from October 1 to April 30 through the Interfaith Satellite Shelter Program. Approximately 15 homeless people from the Santa Cruz area are bussed from Santa Cruz to the church for dinner, overnight sleep and breakfast. These homeless are bussed back to Santa Cruz the next day.

Following the October 1989 Loma Prieta earthquake, Scotts Valley set up an emergency shelter for the homeless at Scotts Valley Middle School on Bean Creek Road. The first night, 117 individuals spent the night. The second night, 60 individuals needed shelter; they were housed in the senior Center on Kings Village Road, rather than the Middle School. By the third day, the individuals returned to their homes, moved in with family or friends, or found other living arrangements. The emergency shelter at the Senior Center then closed. No other need has arisen.

In 1980, the U.S. Census reported 58-99 Scotts Valley residents employed in farming, forestry and fishing. Although, by 1990, there was no agricultural land use designation in Scotts Valley, the 1990 census may report some minor farmworker population. These farmworkers are expected to be associated with the remaining orchards, vineyards and forests where residences exist.

Scotts Valley zoning regulations do not prohibit establishing emergency shelters in the churches and schools. Transitional housing for six or fewer persons is permitted in all residential zones. In October, 1991, the City Council adopted Resolution 1292, declaring city support for the churches of Scotts Valley, United Way of Santa Cruz, Greater Santa Cruz County Community Foundation and other philanthropic organizations, the Housing Authority of Santa Cruz County and other housing and social service agencies to continue efforts to develop case management services, transitional housing and a day resource center.

Assisted Housing Programs

The law requires an analysis and programs for preserving assisted housing programs. Scotts Valley has no current programs, therefore this amendment does not include an analysis of developments which will be lost during the next ten years.

Conservation and Improvement of the Existing Housing Stock

Scotts Valley has a mixture of older housing units and a larger number of more recent, modern units. Approximately 12% of the existing units were built prior to 1960, while 23% were constructed between 1980 and 1990. Prior to 1966, Scotts Valley was primarily a summer retreat and retirement community, with a housing stock comprised largely of summer cabins and mobile homes.

The 1986 Housing Element estimated 124-194 substandard units existed in the City, based upon a survey taken in 1983. The survey relied heavily on exterior inspection to determine housing condition. It was estimated that of 194 units, 124 were suitable for rehabilitation, while 70 should be replaced. It was further estimated that of the 124 units in need of repair, 90 were owner-occupied and 31 were renter-occupied. Approximately 47 units were demolished between 1980 and 1990. No rehabilitation programs have been undertaken by the City during the five year period of the 1986 Housing Element.

In 1990, the City adopted a Redevelopment Plan to assist in rehabilitation of substandard units. A windshield survey confirmed the earlier estimates of substandard housing. The units in need of repair were concentrated in the Christel Oaks Drive, Jolley Way and Blake Lane areas, although various units along Scotts Valley Drive were deteriorated, dilapidated or otherwise identified as substandard. Figure 3 shows the Structural Blight, identified in the Redevelopment Plan. The Redevelopment Agency contributes 20% of all tax increments towards low and moderate income housing, as well as improving public infrastructure. The housing units should be repaired and maintained to meet building and fire code standards in order to perpetuate a housing stock in close proximity to the City's employment areas. In addition, these areas currently provide an area of affordable housing for the City's low income households.

Another method of conserving affordable housing in Scotts Valley is to retain rental housing. The conversion of housing from rental to ownership units reduces the mobility of renter households and may increase the cost of rental housing if the conversion reduces the supply of the rental housing stock. However, it should be recognized that a change in tenure from renter to owner for lower-income households is beneficial to that household and the community at large, as long as lower-income rental units are not converted to moderate- or above-income ownership units. The City should continue measures to restrict the conversion of housing from rental to ownership status unless the market demand for rental housing drops below a reasonable threshold. Action 17.1 addresses this need.

Housing Value and Rents

The cost of housing is one of the major areas of concern in our country today. Housing costs and demand have increased dramatically, especially in the western states and the "sunbelt" area of the south.

In 1981, it was found that the average advertised price for a 2 and 3 bedroom house in Scotts Valley was \$124,000 and \$146,000, respectively. In 1990, the average selling price for 2 and 3 bedroom house in Scotts Valley had risen to \$231,000 and \$313,000 respectively.

With regard to rental housing, the City's 1982 Housing Element indicated that the 1981 average rentals were estimated at:

1-bedroom	\$255/month
2-bedroom	\$400/month
3-bedroom	\$560/month

Discussions with local realtors during the preparation of this section indicated that average 1990 housing rentals are as follows:

Studio	\$500-\$600/month
1-bedroom	\$600-\$700/month
2-bedroom	\$750-\$1100/month
3-bedroom	\$1100-\$1500/month

Energy Conservation

The State of California requires that energy savings measures be applied to new dwellings through the Uniform Building Code. In addition, building design features which can improve energy efficiency. Lot and building orientation can utilize passive solar energy, such as a concentration of south-facing windows and skylights and avoidance of north facing windows. Construction of attached dwellings can promote energy efficiency.

In evaluating future residential projects, Scotts Valley should encourage energy efficient designs which take advantage of passive solar design and/or utilize other solar devices. Designs that take advantage of optimum lot and building orientation will become increasingly cost effective as energy prices continue to rise. In addition, large residential subdivisions should be planned to maximize use of public transit, bicycles and pedestrian access, especially where houses are in close proximity to commercial and employment areas.

Retrofitting of existing residential buildings with insulation and energy conserving devices may well be the most cost effective measure to reduce energy consumption. The effectiveness of these programs can be promoted by working with utilities which offer free energy audits. California cities have found that "weatherization" of all existing residences would pay for itself within five years.

Sites Available for Housing

The Planning Department made an assessment of the vacant lands in Scotts Valley in 1992. Table 10, Figure 4, shows the estimated vacant parcels zoned for residential uses in Scotts Valley comprise 1,022 acres. An estimated 1573-2805 dwelling units could be constructed as single-family and multiple-family units. This is enough to meet AMBAG's projected housing needs of 1,507 by 1996. The amount of new housing needed will be further reduced as planned residential developments are constructed. Table 11 summarizes the status of major housing developments approved or under construction since 1986. Approximately 380 units have the potential to be built, with 46 under construction.

In addition to the designated residential properties, there are approximately 106 acres of vacant commercial property. Under current regulations, these areas could be utilized to construct up to 500 units by mixing small residential units and commercial development. There are also an estimated 500 single family lots which could accommodate a small second residential unit as allowed by State legislation. Other ways to increase available lands for housing would be to designate areas of deteriorating housing or vacant land for higher density development, maintain the Planned Development zone to allow flexibility in development and increase densities and redesignate lands from non residential to residential uses.

There are five mobile home parks in the City totaling 749 units. These sites continue to provide affordable housing. In addition, manufactured housing can be placed on any lot where a single family home can be constructed, as long as the construction meets City ordinances.

The availability of sewer and water services could limit the actual availability of land for housing development in Scotts Valley. New developments within the City's jurisdiction are required to hook up to the City's sewage treatment plant. Recent improvements to the City's sewage treatment plant have expanded

plant capacity to 840,000 gallons a day. In 1990, the plant was operating at 240,000 gallons per day. The upgrading removes a former constraint to housing development. Future expansion is being planned for 1,500,000 gallons per day to accommodate General Plan buildout.

The Scotts Valley Water District serves most of the City. In 1984 the District had no surplus water and was not issuing new connections. Since 1984 the District has completed a comprehensive groundwater study, drilled new wells and constructed new facilities. In late 1991, the total well capacity will be 4.003 million gallons per day. Maximum daily demand in 1990 was 1.89 million gallons per day.

There are very few undeveloped properties within the San Lorenzo Valley Water District. Water service is currently provided to 516 customers in the Pasatiempo Pines area of Scotts Valley and the District reported adequate services facilities.

Housing Constraints

-Governmental Constraints

Governmental policies and regulations can constrain future residential development to varying degrees by imposing requirements and limitations on residential development. These actions in turn can affect the cost of housing. Generally, these governmental constraints include land development controls, development processing procedures and fees and requirements for provision of services and facilities.

Land development controls include policies and regulations contained in the City's General Plan, Zoning Ordinance and Building Code. As of 1990, Scotts Valley did not have any growth management policies or regulations which could constrain development of housing.

Scotts Valley has 20 acres of vacant property designated high density residential (maximum 15 DU/acre) and 32 acres medium high density (5-9 DU/acre). Historically, the average number of dwelling units approved for projects in these zones leans toward the medium rather than the maximum number possible, largely due to hillside topography, vegetation, and geology. To help increase the available housing, the city may have to encourage and approve construction of smaller units in the higher density ranges allowed.

Development processing fees, permit fees, and public service fees typically add costs to housing projects. Scotts Valley's processing fees are shown in Table 12 for a typical single and multi-family development in 1991. In addition to those fees charged by the City, the Scotts Valley and Santa Cruz School districts also charges a fee of \$1.58 per square foot for all new residential development.

The time required to process residential projects depends upon the size and scope of the project. Any time delays in processing can ultimately add costs to housing. Delays in processing may occur if environmental review, pursuant to the California Environmental Quality act (CEQA), requires an EIR to be written. At times, approvals from other agencies such as LAFCO or the State Department of Fish and Game may be required for certain types of projects.

Most permit applications for single-family housing in Scotts Valley are processed by the building department within 30 to 60 days. Development of four or more units can take anywhere between one and eight months to process, depending on the complexity of the project, EIR requirements, and subdivision requirements. As an example, the California Environmental Quality act requires review of environmental impacts of multifamily dwellings over four units (30-60 day preparation and completion of a negative declaration). The Planning Commission must conduct a public hearing on the project, following completion of environmental review (30 days), and the City Council is responsible for final approval of a subdivision, if applicable (30 days). These are legal time frames. When several projects are being processed, these times are extended, based upon staff workload. The law requires that a project requiring a negative declaration to be completed within six months; those projects requiring an EIR must be approved within one year of the EIR.

Zoning regulations such as parking requirements and Design Review Board approval are not considered a constraint to housing development. The parking regulations require a 2-car garage and one off-street parking space for each single family dwelling, recently amended from four spaces. Multifamily dwellings require two parking spaces for each dwelling unit plus guest parking @ one space for each five units for visitors. These are the minimum number of spaces to protect residential neighborhoods where, due to hillside topography, streets are often too narrow to allow parking in the street and leave room for emergency vehicles to pass. Design Review Board approval is required only for multifamily dwellings over four units and focuses on aesthetics. Design Review does not reduce densities or void projects. Design Review regulations are clearly listed in the zoning ordinance and a Design Review Handbook has been developed which elaborates on the requirements. Applicants obtain approval of the Design Review Board at their convenience before receiving a building permit. The approval is good for one year, allowing the developer to obtain a building permit anytime during the year. The Design Review process does not impede development.

Scotts Valley's Building Code is based on California's Standard Fire Code, National Electric Code, Uniform Building Code, Uniform Plumbing Code and Uniform Mechanical Code. The requirements of these codes are no more restrictive than those of other jurisdictions, and are State mandated codes for safety of the occupants. Controls such as these do not raise the price of housing in Scotts Valley nor limit the availability of homes to

lower income persons. There is no enforcement process to automatically require older homes to meet current building codes; therefore enforcement does not penalize older homes.

The provisions of many public services, which historically had been the role of government, is now being transferred to developers. Off-site road construction and off-site extension (and, at times, enlargement) of water and sewer lines, and provisions of drainage systems, sidewalks, and street lighting is usually expensive and with the cost passed on to home buyers and renters, this presents another potential constraint to the development of affordable housing.

-Non-Governmental Building Constraints

The national economy, which has experienced inflation and increased interest rates in the recent past, has added to high housing costs. As a result, the cost of land, labor, materials, borrowing, and site preparation has increased dramatically. These costs, along with increasing interest rates, not only have affected the construction industry, but also have limited residents' ability to purchase, thereby further tightening the housing market. Below is an estimated breakdown of the cost components for a new home in Scotts Valley.

Land (with water and sewer available)	35.1%
Materials	20.5
Labor	20.5
Site Improvements	2.1
Land Holding Costs, Construction Capital and Financing	5.1
Taxes and Fees	6.5
Indirect, Closing, Miscellaneous Costs	2.9
Profit and Marketing	<u>7.3</u>
	100 %

Financing remains one of the largest obstacles to the housing problems. Based on the current average selling price of all single family homes (\$341,000) and assuming a buyer put 20% down with a 30-year loan at 10%, monthly mortgage payments would be approximately \$2,456 per month. A household would have to earn between \$118,000 and \$134,000 per year to buy a home. In 1986, only 8% of the City's households had incomes high enough to purchase a home in Scotts Valley.

For rental properties, local developers estimate that 1.25% of total construction costs is a reasonable figure for monthly rents on multi-family dwellings. This 1.25% covers operation, maintenance, taxes, principal + interest, depreciation, insurance, utilities, etc. In 1992, a 15 unit per acre, 850 square foot two bedroom multifamily project would cost approximately \$85,000 per unit to complete. At 1.25% of cost, the estimated rent per month for each unit would have to command \$1063/month rent. Low income households of four can afford a maximum rent of \$606, based upon the 1990 county median income (\$43,200/year). This "affordability gap", i.e. the difference between the amount of the rent and the amount the household can

afford, will have to be closed through a blend of resources. These resources could include various financing mechanisms (conventional bank loans, allocation of federal and state income housing tax credits, HCD rental Housing Construction Program funds), city involvement such as purchase of land with a lease-back to the developer, and the use of RDA funds to install on and off-site improvements or subsidize rents. The city can also undertake the preparation of a vacant, surplus and underused land inventory, prepare requests for proposals for development of affordable housing and evaluate project proposals and recommend projects and negotiate loan terms for affordable projects.

Another non-governmental constraint is the availability of financing. Various Federal and State housing assistance and finance programs are administered through the Federal Department of Housing and Urban Development, and the California Housing Financing Authority. Generally, problems with these funding sources include limited funding availability, eligibility criteria, public opposition to public housing, and administrative paperwork involved with preparing applications. Local banks and financing institutions have financing available but the interest rates, terms and conditions, which are affected by the market, may limit the number of individuals and households that take advantage of the financing.

In addition to these constraints, a number of environmental limitations may also constrain future development. There are many areas within the City or its Planning Area that have slopes in excess of 40% and may be within groundwater recharge areas. Another potential problem is that many small lots exist which may be difficult to develop due to access, topography and zoning limitations.

Raw land prices are equally inhibitive. Prices for residential lots vary depending on the site location, viewshed, and proximity to the freeway. A representative figure for a 1/4 acre single family lot within the City limits that includes paved road access and utility hookups falls between \$156,000 and \$200,000. Outside the City limits, three to five acre single family parcels with paved road access and utilities sell for \$200,000 to \$250,000. Vacant multi-family parcels average \$309,000 in Scotts Valley.

REVIEW OF 1986 HOUSING ELEMENT

The State Housing Element Law requires that each jurisdiction review its previous housing element to evaluate the effectiveness of the element, progress in implementation and appropriateness of goals, objectives and policies. Each of the goals is discussed below:

1. Goal #34

The intent was to achieve a balanced housing market by increasing the supply of housing units to accommodate the population and employment growth needs in Scotts Valley, based upon the sewer

services. The objective was to construct 400-1,100 new housing units by 1991. The policies encouraged new development that provided a choice in housing type, density, cost and tenure, expand ownership and rental housing, and work with the water district to ensure service to residences.

Between 1986 and 1991, 540 new dwelling units were constructed. Approximately 25% of these new units were multiple family, 33 mobile homes and 75% single family. During this period, the City expanded the capacity of the sewer treatment plant from 400,000 gallons per day to 800,000+ gallons per day to accommodate new residences. At the writing of the previous housing element, the water district was not issuing new service connections. Since then, the water district expanded its facilities sufficiently to issue permits. Both sewer and water services aim to accommodate buildout of the General Plan. Per business license records, jobs have increased by approximately 1,200 between 1984 and 1990. The average number of jobs and housing between 1984 and 1990 has been 200 jobs per year and 108 new dwelling units.

2. Goal #35

The intent was to encourage provision of affordable housing for all segments of the City's population and labor force. The objective was to construct 60-150 affordable units for very low and low income households by 1991. Policies were to encourage affordable rental and ownership housing, promote innovative housing programs, cooperate with public and non-profit agencies and cluster development to help reduce costs and provide affordable units.

Since the last housing element, the City has adopted a second dwelling unit ordinance and approved a density bonus for a senior housing project. Both of these projects were programs identified in the General Plan housing element which were carried out. Oak Tree Villa provided 20 units affordable to low-income seniors and four second dwelling unit use permits have been approved. The Santa Cruz County Housing Authority increased its rent subsidies for low income households from 20-40 units during this period. Finally, in 1990 the City completed a Redevelopment Agency and will be accumulating tax increments to begin housing programs to improve the supply of low and moderate income housing. Although the programs fell short of the 60-150 affordable units, the RDA should assist in the next housing element period if the economy is strong.

3. Goal #36

The intent was to maintain and upgrade, where feasible, the City's housing stock to meet necessary health and safety requirements. The objective was to rehabilitate seven units per year. Policies were to enhance liveability of existing units and promote rehabilitation programs for affordable units. The programs of the General Plan directed the City to solicit loans and grants and work with other agencies to rehabilitate the substandard housing.

The City has no regular inspection program to seek out substandard housing conditions and require rehabilitation. Complaints from tenants and/or neighbors alert the City to substandard conditions and the Building department investigates. The Building department recalls only one such complaint since 1986.

The Loma Prieta earthquake of October 17, 1989, affected the condition of housing stock. In Scotts Valley, 14 mobile homes and 14 dwelling units experienced major damage. Approximately 8 homes were posted unsafe. One garage and four single family homes were demolished. All but one home is in the process or has been rebuilt. The remainder of these residences were substandard and have now been repaired to meet current building code requirements.

Over the life of the previous housing element, units that were rehabilitated were done without loans and grants solicited by the City. There was no staff available to pursue these programs.

4. Goal #37

The intent was to ensure equal housing opportunities. The objective was to expand housing opportunities for groups with special housing needs and prevent housing discrimination. The policies stated, "The City shall encourage maximum use of public and private resources to help solve housing problems" and "support fair housing practices". The programs stated the City would encourage new housing developments to be adaptable for physically disabled residents.

The City building department ensures that new multi-family dwellings meet the State law requirements for handicapped accessibility. However, the Building Department's experience is that the limit on the cost of providing access and adaptability to \$1,000 per unit, consistently prevents the construction of the handicap features such as elevators to reach a second story. The City has had no housing discrimination cases.

5. Goal #38

The intent was to encourage energy conservation measures in new housing. The objective, to optimize energy conservation and reduce energy consumption, was supported by four policies. These policies stated that the City shall regulate land use, work with other agencies, encourage retrofitting structures and promote passive and active solar systems.

A large portion of vacant residential property is in the hillsides. In 1989 and 1990, the City adopted hillside regulations and a Residential Design Manual. One of the policies is to design residences and site layout for energy efficiency. All new residential structures in the hillsides are reviewed with energy efficiency in mind. In addition, the Building Department enforces the State energy codes and the Planning Department reviews subdivision layouts with solar access in mind.

6. Appropriateness of goals, objectives, policies and programs. The 1986 General Plan included a housing Program Summary with timing and funding sources to complete the programs of the housing element. The most conspicuous shortcoming involved expansion of very low and low income housing by using outside funding (HUD, Section 8; CDBG, etc.) and reducing housing costs. The City has not had staff to apply for outside funding and has been unable to reduce housing costs. Development fees and land costs have risen dramatically over the last five years. Scotts Valley is in a financial bind, similar to the State and other government agencies. The completion of a Redevelopment Agency in 1990 should capture tax increments for future housing programs. It was logical and practical to continue with several of the former housing goals and programs over the next five years; therefore, the Housing Task Force retained the majority of goals, objectives, policies and programs from the 1986 Housing Element.

The 1986 Housing Element did not include a Housing Task Force to focus on accomplishing the General Plan programs. The revised element establishes action programs to be accomplished by the Housing Task Force and establishes August 1992 as a target date. The Housing Task Force will monitor housing stock and recommend sites for construction of affordable housing. In addition, the City has hired additional planning staff to manage the General Plan programs. Finally, the Redevelopment Agency has adopted the first-ever budget, anticipating \$52,128 in revenues during fiscal year 1991-92 for low income housing. These funds are earmarked for updating the Housing Element of the General Plan and conducting multi-family housing studies to accomplish the General Plan goals (Resolution CRA-32). The additional staff and Redevelopment funds should ensure greater success in the current action programs of the Housing Element, which were carried forth from the 1986 General Plan. Between 1992-1996, the 20% set-aside fund should generate approximately \$1,750,000 to be used in various programs for affordable housing such as those described in table H-1 of this element.

TABLE 1

S.V. POPULATION GROWTH: 1960 - 1990*

	1960	1970	1980	1990
Population	3437	3621	6891	8615
Increase (%)		5.30%	18.40%	25.00%
Annual Avg. Growth Rate		3.50%	4.30%	2.26%

*US & California Census

SCOTTS VALLEY

POPULATION GROWTH: 1960 - 1990

FIGURE 1

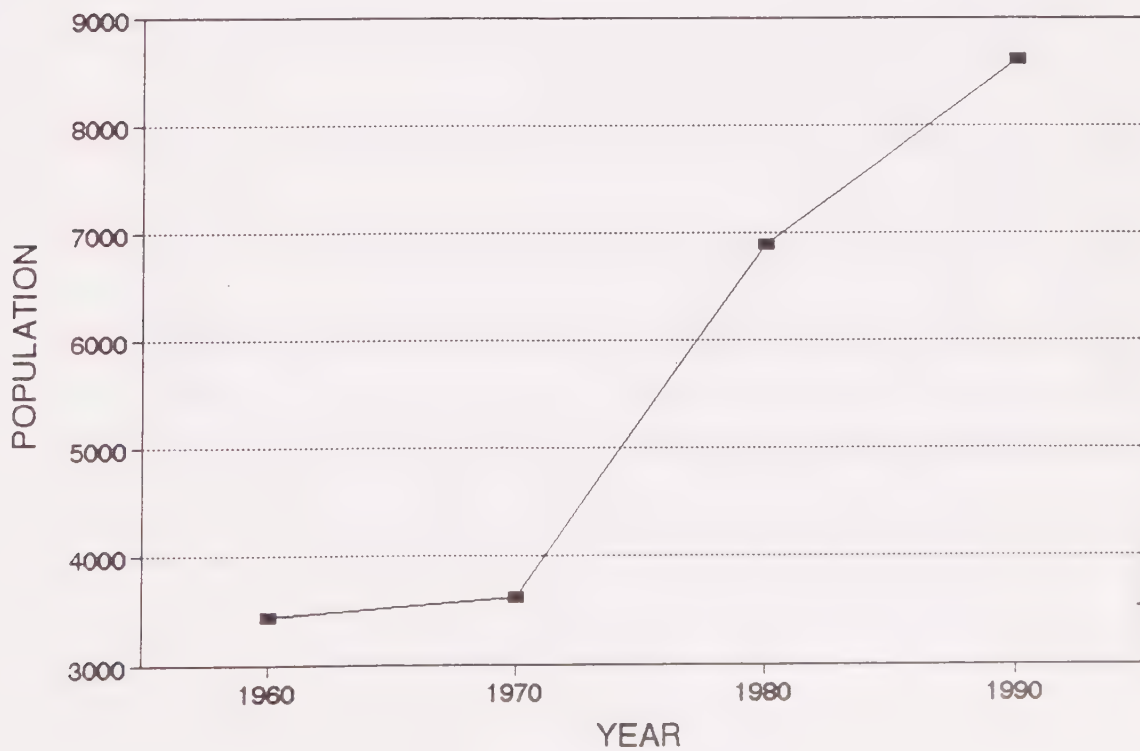


Table 2

Scotts Valley Population Forecasts:

1980 to 2005

<u>Percent Growth</u>	<u>1980</u>	<u>1990</u>	<u>1995</u>	<u>2000</u>	<u>2005</u>
1980-1990 Census: 2.26%	6,891	8,615	9,634	10,772	12,046
1960-1990 Average: 3.11%	6,891	8,615	10,041	11,702	13,639
AMBAG: 4.6%	6,891	8,615	10,787	13,508	16,914

Table 3

Scotts Valley Median Household Size 1976-90

	<u>1976</u>	<u>1980</u>	<u>1985</u>	<u>1990</u>
Persons per Household	2.58	2.53	2.55	2.48

Table 4

Scotts Valley Household Relationship - 1980 & 1990

	<u>1980</u>	<u>1990</u>
One person households	515	822
with persons 65 yrs & older	270	466
Two or more person households	2,052	2,520
with persons 65 yrs & older	410	478
Family households	1,899	2,275
Male head of households with children	36	58
Female head of households with children	120	141
Non-family households	<u>669</u>	<u>245</u>
Total Households.....	2,568	3,342

Table 5		Median Incomes	
Year	Scotts Valley	Santa Cruz Co.	City's Percent of County's Median Income
1970(1)	\$ 9,063	Not available	N/A
1976(2)	13,398	\$ 9,392	143%
1980(3)	20,759	16,877	123%
1990(4)	42,300	28,000	151%

Footnotes:

(1) U.S. Census, 1970.

(2) California State Dept of Finance, Special Census, 1976.

(3) U.S. Census, 1980.

(4) Estimate based upon Bureau of the Census.

TABLE 6

HOUSEHOLD INCOME DISTRIBUTION IN 1980

DOLLARS	# HOUSEHOLDS	% OF TOTAL
\$0 - \$4,999	213	8.3
\$5,000 - \$7,499	126	4.9
\$7,500 - \$9,999	194	7.6
\$10,000 - \$14,999	332	12.9
\$15,000 - \$19,999	350	13.7
\$20,000 - \$24,999	359	14.0
\$25,000 - \$34,999	495	19.3
\$35,000 - \$49,999	319	12.5
\$50,000 +	175	6.8
TOTAL # OF HOUSEHOLDS	2563	100.0

FIGURE 2

HOUSEHOLD INCOME DISTRIBUTION IN 1980

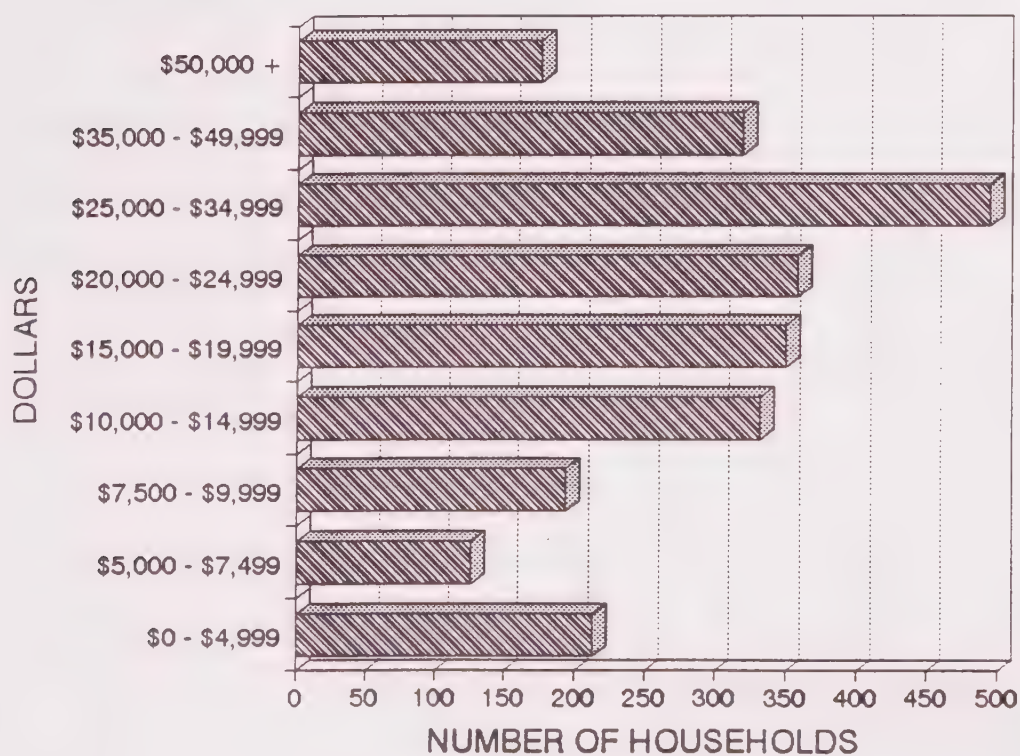


Table 7 Lower Income Household Overpayment for Housing
In Scotts Valley, 1980 (1)

Juris- diction	All Lower Income Households(2)	Lower Income Renters Overpaying	Lower Income Owners Overpaying	Percent of All Lower Income Households Overpaying	Projected 1990 Rent/Own
Scotts Valley	853	203	74	32%	257 94
City of Santa Cruz	8,683	4,507	890	62%	
Capitola	2,284	1,168	165	58%	
Watson- ville	4,212	1,765	364	50%	
Unincorporated Santa Cruz County	<u>15,751</u>	<u>5,462</u>	<u>2,561</u>	<u>51%</u>	
TOTAL	31,783	13,105	4,054	54%	

Footnotes:

- (1) Overpayment is payment in excess of 25% of household income for housing.
- (2) Lower Income Households are those with 0% to 80% of Santa Cruz County Median Income (\$0 to \$13,502, based on 1979 figures).

Source: AMBAG, December 1983

Table 7-1

Special Housing Needs - 1980 & 1990

	1980 Households		1990 Projections	
	# Persons/# Households		# Persons/# Households	
Total Households	---	2,568	---	3,325
Handicapped	338 (4.9%)	---	422 (4.9%)	---
Elderly	1,103 (16%)	---	1,378 (16%)	---
Large Households	---	66 (2.6%)	---	86 (2.6%)
Farmworkers	---	---	---	0%
Family with Female-head	---	120 (4.6%)	---	153 (4.6%)
Homeless	---	---	---	---
Single Parent Household	---	156 (6%)	---	200 (6%)

Table 8

Scotts Valley Appropriate Share of Housing for Very Low, Low, Moderate and Above Moderate Incomes

	<u>VL/% Total</u>		<u>L/% Total</u>		<u>Mod/% Total</u>		<u>Above Mod/% Total</u>	
AMBAG:								
-1989	571	16.9%	508	15.1%	713	21.1%	1,584	46.9%
-1996	997	20.4%	744	15.2%	994	20.4%	2,148	44.0%
Scotts Valley Construction:								
-1989	571	16.9%	508	15.1%	713	21.1%	1,584	46.9%
-1996	784	20.5%	666	15.2%	924	20.3%	2,041	44.0%

Table 9 Number and Type of Dwelling Units in Scotts Valley
1976 through 1990

	1976 / % Total (a)		1980 / % Total (b)		1990 / % Total (c)	
Single Family	1,200	54.1%	1,580	57.0%	1,996	57.9%
Multi Family 2-5 units	218	9.8%	275	9.9%	389	11.3%
Multi Family 5+ units	70	3.1%	201	7.2%	315	9.1%
Mobile Homes	731	32.9%	717	25.9%	749	21.7%
TOTAL	2,219	100.0%	2,773	100.0%	3,449	100.0%

Footnotes:

- (a) California State Dept of Finance, Special Census, 1976
- (b) AMBAG
- (c) California State Dept of Finance, Population & Housing
Estimates, January 1990.

Table 10

Inventory of Vacant Land - February 28, 1992

<u>Proposed Land Use</u>	<u>General Plan Density Range DU/Acre</u>	<u>Total Acres</u>	<u>GPln # of DU's at buildout Gen Pln Minimum/Max</u>
Residential:			
-Mountain	1/5	17	3
-Rural	1/2.5	328	131
-Estate	1/acre	71	71
-Low density	2/acre	186	372
-Medium density	2-5/acre	328	656-1,640
-Medium high density	5-9/acre	32	160 - 288
-High density	9-15/acre	20	180 - 300
			<hr/> 1,573-2,805
	<u>Acres</u>	<u>(35% Coverage) Projected Development Square Footage</u>	<u>Maximum DU Mixed Use 1 DU/3000 SqFt</u>
Commercial:	106	1,616,076	539 DU

FIGURE 3

**STRUCTURAL BLIGHT
CITY OF SCOTTS VALLEY
REDEVELOPMENT PLAN**



Table 11 Current Housing Project Status February 28, 1992

<u>Project</u>	<u>Allowed</u>	<u>Approved</u>	<u>Under Const.</u>	<u>Built</u>
Ridgecrest	12 sf	12	-0-	-0-
Greenhills	26-50 sf	50	-0-	-0-
Heritage Pks	81 sf	81	-0-	-0-
B. Tingey	18 sf	17	-0-	-0-
Vineyards	53-134 sf	106	1	99
Bluebonnet	11-18 mf	15	15	-0-
Heald-Lockewood	2-3 sf	3	1	1
Granite Ck.	55 sf	38	3	17
Claussen	6-15 sf	11	2	9
Vine Hill	5-7 mf	4	-0-	-0-
Woodhill	21-33 mf	32	-0-	-0-
Collado	2-5 sf	4	-0-	-0-

sf = single family unit
mf = multiple family unit

Projects in Planning State (Submitted/not Approved)

<u>Project</u>	<u>General Plan Minimum/Maximum</u>
Glenwood Golf Course	488-611
Pelligrini/Scotts Valley Drive	18-31
Tuscany Hills	20-36
Jenkins/Bluebonnet	8-17
Hart/Jolley Way	<u>3-6</u>
	497-701

Table 12 Schedule of Fees Required - New Residential
April 1991

I. Single Family Dwelling - 2,000 Sq Ft, 1/4 acre lot

Site Plan Review	\$ 120
Encroachment Permit	60
Fire District	600
Bldg Permit	1,505
Administrative Overhead	512
General Facilities & Equipment	190
Law Enforcement	439
Library	372
Parks & Recreation	5,224
Streets & Thoroughfares	2,565
Storm Drainage	240
Wastewater Treatment Facilities	<u>3,850</u>
Total	\$ 15,677

II. Fourplex - high density zone district, 12,000 Sq Ft lot

Site Plan Review	\$ 120
Engineering Plan Check	1,000
Encroachment Permit	180
Fire District	360
Building Permit	1,940
Administrative Overhead	1,413
General Facilities & Equipment	760
Law Enforcement	1,756
Library	1,292
Parks & Recreation	14,380
Streets & Thoroughfares	6,088
Storm Drainage	160
Wastewater Treatment Facilities	<u>10,970</u>
Total	\$ 40,419

Housing

GOAL

HG-1 TO PROMOTE A BALANCED HOUSING MARKET BY INCREASING THE SUPPLY OF HOUSING UNITS TO ACCOMMODATE REGIONAL POPULATION NEEDS AND EMPLOYMENT GROWTH OF SCOTTS VALLEY.

Objective

HO-1 Promote construction of 680-1,160 (136-232 average per year) dwelling units by 1996 which is appropriate to accommodate an employment growth ratio of one new dwelling unit for every 1.5 new jobs in Scotts Valley.

Policy

HP-1 Appoint a Housing Task Force to monitor housing stock, and recommend actions to accomplish the goal.

Actions

HA-1 In December, 1992, the Housing Task Force shall recommend to the Planning Commission zoning actions such as increased densities adjacent to major arterials, establishing apartment zones on the land use map, expanding the availability of the second dwelling unit ordinance to all age groups and establishing PD (planned development) zones to relax development standards such as lot coverage and site area in the Jolley-Blake-Trammel Way areas. The recommendations shall be acted upon by March, 1993.

HA-2 By March 1994, the City shall adopt a density bonus ordinance in conformance with state law.

Policy

HP-2 Encourage production of new residential development which provides appropriate choices in housing type, density and cost to meet the housing needs of new jobs created by Scotts Valley Employers.

Actions

HA-3 The City shall survey employers annually to determine their expected job growth in the next two years, and the type of jobs being created.

HA-4 The City Council shall develop incentives to construct appropriate new housing in sufficient quantity to meet employment needs.

- HA-5 During development review process, the City shall cooperate with Employers to create mutually beneficial housing programs. This cooperation may include but not be limited to priority processing projects that provide housing for employees or propose mixed use development in commercial zones.
- HO-2 Objective
Promote construction of 200-347 (40-70 average per year) new dwelling units by 1996 in excess of the City's rate of employment growth.
- HP-3 Policy
Encourage production of new residential development which provides a choice of housing type, density and cost to meet the housing needs of all segments of the community.
- HA-6 Actions
In July, 1993, the Planning Director shall survey 1990 census data to determine present community demographics.
- HA-7 The Planning Director shall survey present employment statistics and conduct public hearings to determine the needed demographics.
- HA-8 The City Council shall develop incentives to construct appropriate new housing in sufficient quantity to meet the objective. These incentives may include but not be limited to selling tax exempt housing revenue bonds to provide financing for construction of multifamily developments.
- HA-9 The City Council and/or Board of Directors of the RDA shall develop incentives to encourage lot consolidation in areas where existing lot size makes development difficult.
- HA-10 The Planning Director shall update census data annually in December with an inventory of jobs and housing to determine whether or not the goal is being met.
- HP-3 Policy
The City shall annually evaluate the adequacy of its supply of land suitable for residential development and strive to maintain a supply of land sufficient to meet the city's fair share need as identified by the Association of Monterey Bay Area Governments and the City of Scotts Valley through 1996.

Actions

HA-3.1

As outlined in the Housing Element, adequate sites exist in the city to meet the housing need through 1996. The City will strive to provide sufficient land in each land use category to allow the market to freely create all types of housing needed through 1996. Vacant sites or property suitable for residential development should be made available to enable the development of at least 416 very low-income housing units, 126 low-income units, 281 moderate-income units, and 564 above moderate-income units through 1996.

HA 3.2

By June, 1993, the city staff will prepare a report, for Council consideration, evaluating opportunities to provide additional housing units within the existing City limits through rezoning, deeper density bonuses than those required by state law, opportunities for clustering, mixed use development along commercial corridors, and incentives for lot consolidation. Opportunities for 880-1507 additional units shall be identified. The General Plan amendments include proposals to redesignate three areas in the city for high-density residential from commercial uses. Affordable housing units displaced by new construction shall be replaced. The City shall accommodate clustered housing in order to promote the preservation of environmental resources without significantly compromising development densities that support housing affordability. Consideration of redesignation of properties shall be made by August 1993.

HA 3.3

The City shall participate in the regional fair share allocation process in 1995, 2000, and 2005 and at other times when modification of existing allocations are proposed or when new allocations are prepared.

HA 3.4

The City will annually review and evaluate progress towards achievement of the Housing Element objectives. Staff will prepare a report for review by Council. That report will be forwarded to the State Department of Housing and Community development with 30 days of Council review as required by state law.

HA 3.5

The City will assess the affordability of all new housing units developed within the city, in order to monitor progress towards meeting the regional housing needs goals and housing needs of the community. The assessment will evaluate affordability of all housing units developed after January 1, 1991. Progress toward meeting these goals shall be included in the progress report described in action 3.4. If the assessment reveals that affordable units are not being constructed in accord with the goals of the Housing Element, the City will develop programs to remedy the situation, such as described in Action 16.2.

GOAL

HG-2 TO ENCOURAGE PROVISION OF AFFORDABLE HOUSING FOR ALL SEGMENTS OF THE CITY'S POPULATION AND LABOR FORCE.

Objective

HO-3 Facilitate construction of 189 units per year affordable to very low, low, and moderate-income households.

Policy

HP-4 The City shall encourage the production of affordable rental and ownership housing for low and moderate-income households.

Actions

HA-11 Between 1991-1996, the Redevelopment Agency shall use the 20% mandatory Redevelopment Agency funds for programs similar to those described in Table H-1 of the General Plan. These programs provide an opportunity for development of at least 662 units for low- and very-low income households, as defined by AMBAG.

HA-12 The City shall use its redevelopment agency powers to reduce the costs of construction by funding off-site infrastructure improvements, especially in high density areas.

HA-13 By July 1993 the City shall designate a housing specialist to monitor the affordable housing programs of the City.

HA-14 The City shall monitor the number of affordable units constructed annually and enact incentive programs for builders such as density bonuses or forego payment of fees, where feasible, for construction of housing units affordable to low and moderate-income families.

- HA-15 In 1993 the Housing Task Force will examine the capacity of vacant and under-utilized land in Scotts Valley to accommodate affordable housing. Sites for consideration may include City owned parcels and school district surplus land, as well as other sites identified by the Task Force. The Task Force will make its recommendations to the Planning Commission by July 1993.
- HA-15.1 The City shall retain the Planned Development Ordinance to allow flexibility in development standards and increased densities in residential areas.
- HA-15.2 The City will encourage the development of an appropriate number of new housing units annually. The Planning staff will monitor new housing developments to ensure that a wide variety of housing types are being provided. In accordance with the city's Housing Action Program and redevelopment Agency goals, the City will continue to pursue the development of housing, meeting the needs of its moderate-, low-, and very low income residents. To ensure quality of life in Scotts Valley, these projects will be required to be consistent with general plan objectives for land use, open space, and the provision of public services. The City will give priority processing of all projects geared to moderate-, low-, and very-low income residents, looking to achieve the private development of housing, including at least 426 very low, 226 low, 281 moderate, and 564 above moderate income units between July 1, 1989 and July 1, 1996.
- 15.3 As required by state law, the City staff will prepare and propose to the city Council an ordinance allowing a density bonus of at least 25 percent, and an additional incentive, or financially equivalent incentive(s), to a developer of a housing development who agrees to construct at least:
- a. 20 percent of the units for lower-income households; or
 - b. 10 percent of the units for very low-income households; or
 - c. 50 percent of the units for senior citizens.

- Policy
- HP-5 The City shall encourage and promote innovative housing development programs that will help to increase the number of affordable housing units.
- Action
- HA-16 During the development review process, the Planning Department shall discuss the City's objectives with potential developers in an effort to incorporate affordable units in the project. Developers shall be referred to the County Housing Authority for financing consultation.
- HA-16.1 By June, 1993, the City Council shall consider enacting an in-lieu fee for affordable housing on all commercial projects and those residential projects which do not construct affordable housing.
- HA-16.2 To the degree consistent with general plan policies, the City will favorably consider applications for rezoning and requests for special consideration under the Planned Development ordinance for the development of high-density (15-30 units per net acre) residential development within the city. This will include approximately 50 acres of rezoning to high density land use by June, 1994. In addition, mixed-use projects combining commercial and residential uses will be encouraged. In combination with Action 3.2 and 15.3, it is anticipated that an additional 880-1507 units can be built within the existing City limits.
- Policy
- HP-6 The City shall cooperate to the maximum extent feasible with appropriate public agencies and non-profit housing organizations in mutual efforts to provide and conserve affordable housing.
- Action
- HA-17 The Planning Department will continue to participate in the County Housing Network.
- HA-17.1 The ordinance preventing the conversion of rental housing to owner-occupied housing will remain in effect unless the rental vacancy rate for the city is greater than 4 percent. This ordinance can be amended when the applicant for approval of conversion agrees to provide four out of every ten dwelling

units (40 percent) to households of moderate or lower income. The Planning Department will conduct annual vacancy surveys to determine the vacancy rate through July, 1996.

HA-17.2 The City shall pursue attaining status as an entitlement city under the Community Development Block Grant Program to ensure guaranteed and continuous funding and therefore, the ability to plan expenditures on a multi-year basis.

HA-17.3 The City shall place Article 34 referenda on the ballot to obtain capacity to participate in the development, construction, and acquisition of low-rent housing.

Policy
HP-7 The City shall preserve existing mobile home parks which meet the land use goals and standards of the City.

Action
HA-18 The City shall retain the mobile home park conversion ordinance and mobile home park rent review commission.

GOAL

HG-3 TO ENSURE THE CITY'S HOUSING STOCK MEETS NECESSARY HEALTH AND SAFETY REQUIREMENTS.

Objective
HO-4 In 1990, the City had approximately 125 substandard units, which should be rehabilitated at a net rate of 7 units annually, or 84 units by 1996. This represents an annual rehabilitation of 5% of the City's total need.

Policy
HP-8 The City shall promote housing rehabilitation programs that help conserve existing affordable housing units.

Actions
HA-19 The City shall help solicit and encourage maximum utilization of federal and State funds for low interest loans and grants for the rehabilitation of rental and owner occupied housing units and mobile home parks.

HA-20 The Redevelopment Agency and City should make low interest loans available to rehabilitate homes as a part of housing assistance programs.

HA-21 The City of Scotts Valley will work with the Housing Authority of the County of Santa Cruz to preserve and improve existing affordable housing in Scotts Valley. This action also includes continued cooperation with the Housing Authority of the County of Santa Cruz and other non-profit developers in the development of new or substantially rehabilitated Section 8 housing units. Further the City shall leverage federal and state financial aid programs for the rehabilitation of substandard housing to rehabilitate 84 units by July 1, 1996.

HA 21.1 To maintain the quality and affordability of older neighborhoods, the City shall pursue participation in Community Development Block Grant and Rental Rehabilitation programs. Further, the City will continue to encourage private sector investment to achieve similar objectives. One objective of this action will be to rehabilitate up to 7 housing units per year.

GOAL

HG-4 TO ENSURE EQUAL HOUSING OPPORTUNITIES.

Objective

HO-5 Expand housing opportunities for groups with special housing needs.

Policy

HP-09 The City shall encourage maximum use of public and private resources to help solve special housing problems.

Actions

HA-22 The City shall encourage development of services that assist the elderly and disabled in remaining in their homes by working with the Chamber of Commerce and businesses to encourage programs which provide home delivery of goods and services for seniors without a conditional use permit and working with the transportation providers to expand bus service in the city.

HA-23 The City shall encourage new housing developments to be adaptable for physically disabled residents by requiring a portion of all new developments over four units to be handicapped accessible.

HA-23.1 The City shall amend the zoning ordinance by October 1993 to allow emergency shelters in the commercial and public quasi-public zones.

HA-24 The City shall encourage new or rehabilitated housing developments designed to provide residential care and assisted living for the elderly and disabled by retaining provisions in the Zoning Ordinance to allow residential care facilities in all high density zone districts.

Objective
HO-6 Prevent housing discrimination.

Policy
HP-10 The City shall support fair housing practices.

Action
HA-25 The City shall cooperate with federal, State and regional agencies to promote housing choice and equal opportunity housing by soliciting educational materials from these agencies and making them available in city hall, the senior center, and library. The City will advise the State Department of Fair Employment and Housing of any complaints regarding housing discrimination received by the City.

GOAL

HG-5 TO ENCOURAGE RESOURCE CONSERVATION MEASURES IN ALL HOUSING.

Objective
HO-7 Optimize resource conservation and reduce resource consumption in housing developments.

Policy
HP-11 The City shall work with other local, State and federal agencies, public utilities, and community organizations to implement energy conservation and longer range renewable energy development programs.

	<u>Actions</u>
HA-26	The City shall disseminate information pertaining to available federal and State energy conservation tax credit and other available private financial incentives.
HA-27	The City, in conjunction with the Scotts Valley Water District, shall promote the use of water-conserving appliances in buildings and the use of drought-tolerant/low water consumptive landscaping. These water conserving features shall be required through the Design Review process.
HA-28	The City Public Works Department shall continue to promote recycling of solid waste.
	<u>Policies</u>
HP-12	The City shall encourage programs that emphasize energy retrofitting in existing residential structures via insulation, weather-stripping, and passive and active solar systems.
HP-13	The City shall promote the use of passive and active solar systems in new residential buildings.
	<u>Action</u>
HA-29	The City shall encourage projects to locate dwellings in such a way to get maximum use of solar energy through the development review process and retention of the hillside development zoning regulations.

TABLE H-1 RDA PROGRAMS FOR AFFORDABLE HOUSING

1. Land Write-down - Acquire parcel(s) of land at fair market value through either voluntary sale or condemnation, then sell or lease the land to a developer at a reduced price. Sale or lease to incorporate restrictions for all or part of the housing to be affordable by targeted groups.
2. Loans to Developers -
 - a. Long-term "gap" financing - Provide a deferred payment loan to developer to reduce the conventional financing debt service. Loan repayments commence after retirement of the conventional financing debt. Alternatively, agency may establish an annuity for the project to meet the conventional debt service shortfall on a yearly basis; the annuity is converted to a repayment loan once the conventional financing is retired.

- b. Construction Loans - Provide funding at interest rates less than conventional, on the agreement that savings are passed along to buyers (lower sale prices) or tenants (lower rents).
 - c. Reserve Funding - Lend funds to project reserves to permit developer to borrow less and negotiate better terms from conventional lender. If reserves are drawn upon, can be converted to deferred-payment loan.
 - d. Guarantees - Provide for or negotiate with lender (on developer's behalf) a specific dollar guarantee amount instead of a general blanket guarantee.
 - e. Letter of Credit - In lieu of reserve funding or guarantees, provide a letter of credit.
3. Assistance to Non-Profit Developers - Provide loans for predevelopment costs of site acquisition and loan approval (appraisals, site plans, feasibility studies, etc.), upon agreement to impose affordability restrictions on the project. Provide funding to cover operating and overhead costs incurred by a non-profit housing development corporation.
4. Loans to Single Family Homebuyers - Loan represents the difference between construction costs and targeted affordable price, and is secured by deed of trust. Interest accrues but is not paid currently. If house is sold outside of designated affordable range or to a non-qualifying party, note is called and all principal and accrued interest is due.